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Date: **August 26, 2003**

Reference No:

Circular Letter No: **600-115-03**

Distribution:

Special:

**TO: ALL STATE AND CONTRACTING PUBLIC AGENCY  
HEALTH BENEFIT OFFICERS**

**SUBJECT: EXTENSION OF COVERAGE FOR PEMHCA ENROLLEES  
WHO HAVE EXHAUSTED CONTINUATION COVERAGE  
UNDER FEDERAL COBRA**

Effective September 1, 2003, California law (Section 1366.29 of the Health and Safety Code) requires licensed health care service plans to offer an enrollee who has exhausted coverage under federal COBRA the opportunity to continue coverage for up to 36 months from the date that the enrollee's continuation coverage began, if the enrollee is entitled to less than 36 months of continuation coverage under federal COBRA. This law only applies to individuals who began federal COBRA coverage on or after January 1, 2003, and who have exhausted their federal COBRA benefits. It does not apply to individuals who otherwise are no longer eligible for federal COBRA benefits, have other health coverage or who are eligible for Medicare Part A.

The new law requires the CalPERS contracted health care service plans, Blue Shield, Kaiser and Western Health Advantage, to offer this extension of continuation coverage to members enrolled in their plans. Although CalPERS self-funded plans are not required to offer the extension of continuation coverage, they have elected to do so through December 31, 2004. Notification of the additional coverage period will be included in the notice of pending termination of COBRA coverage sent to enrollees entitled to less than 36 months of coverage under federal COBRA.

All employers participating in the CalPERS health program should inform beneficiaries of this additional continuation coverage.

During the federal COBRA period of continuation coverage, the federal requirements regarding termination apply.

During the extension of continuation coverage mandated by California law, coverage will terminate upon the earliest of:

1. The individual becomes eligible for Medicare Part A.
2. The individual obtains other health coverage or becomes covered under another

group benefit plan.

3. The end of the period for which premium payments were made if the individual fails to submit the correct premium amount in accordance with the terms and conditions of the plan contract.
4. The individual fails to satisfy the terms and conditions of the plan contract.
5. The individual otherwise becomes ineligible for continuation coverage under California law. (See Health and Safety Code Section 1366.22)
6. The individual moves out of the plan's service area or commits fraud or deception in the use of plan services.
7. Thirty-six (36) months from the date that the federal continuation coverage began.

More detailed information can be found by reviewing the California Health and Safety Code in particular - sections 1366.22 and 1366.27. Thank you for your compliance and support with administration of this new law.

Sincerely,

Tom Fischer, Chief  
Health Benefit Services Division